PRESS RELEASE
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ATTORNEY GENERAL ANNOUNCES SETTLEMENT BARRING MORTGAGE BROKER FROM OPERATING INSIDE COLORADO

DENVER — Colorado Attorney General John Suthers announced today the settlement of another lawsuit against a mortgage broker for deceptive advertising and sales practices. Earlier this year, the Attorney General filed a complaint in Denver District Court against Green River Mortgage LLC and its president, Dimitry Yakubovich, for violating the Colorado Consumer Protection Act. Yakubovich has since moved to Florida and no longer operates Green River. The settlement bars him from brokering loans in Colorado. The settlement also obligates him to pay $7,887 in restitution.

According to the complaint, Green River ran advertisements in the "Mortgage Marketplace" sections of *The Denver Post* and *Rocky Mountain News*, advertising low teaser rates and/or low minimum monthly payments associated with option ARM loans.[1] Yakubovich allegedly ran these advertisements to "get the phone ringing."

The complaint also alleged that Yakubovich designed the advertisements to make the low teaser rates associated with option ARM loans look like fixed interest rates. Finally, the complaint alleges that Green River loan officers induced two elderly couples to enter into unsuitable option ARM loans by misrepresenting the teaser rate as a fixed interest rate and by failing to disclose the numerous risks associated with the loans, including the potential for negative amortization and hefty pre-payment penalties for refinancing.

The lawsuit against Green River and Yakubovich resulted from investigations initiated by the Attorney General in late 2006 and early 2007 into the deceptive advertising practices of numerous mortgage brokers.

This is settlement is one of several the Office of the Attorney General has reached with mortgage brokers and other lenders since 2008.

[1] An option ARM loan appears to be a traditional adjustable rate mortgage, with a low introductory or "teaser" rate, usually 2 percent or lower. After the teaser rate expires, the interest rate rises dramatically, often to 8 percent or more. Although the borrower retains the "option" of continuing to make low monthly payments, any difference between the payment and the interest actually accruing on the loan is added to the principal — a process known as negative amortization. According to industry estimates, as much as 85 percent of option ARM borrowers make only the minimum payment. When the interest added reaches a certain level (usually 110 percent of the principal loan balance) the loan recasts and the borrower is responsible for a fully amortized monthly payment.